



THE CITY OF SAN DIEGO **MANAGER'S REPORT**

DATE ISSUED: May 11, 2001 REPORT NO. 01-095

ATTENTION: Land Use and Housing Committee
Agenda of May 16, 2001

SUBJECT: Density Minimums and Inclusionary Housing Progress Report

REFERENCE: Manager's Report 01-030 and P00-127

SUMMARY

Issues - (1) Should the Land Use and Housing Committee direct staff to proceed to implement the concept of "Density Minimums" based on the proposal described in this report? (2) Should the Committee accept the status report regarding the Inclusionary Housing program?

Staff Recommendation - (1) Direct staff to prepare amendments to the RM (Residential/Multiple Dwelling Unit) zones of the Land Development Code and begin a public hearing process, including further review with the recognized community planning committees. (2) Accept the status report for the Inclusionary Housing program.

Community Group Recommendation - The Density Minimum concept was presented at the Community Planners' Committee (CPC) meeting on April 24, 2001. Additional community group meetings will be scheduled prior to public hearings. Community planning groups will be represented among the stakeholders on a working group as an Inclusionary Housing proposal is developed. Specific recommendations will be presented to the CPC for review.

Other Recommendations - Upon preliminary review, the Council of Design Professionals has indicated that they support the approach to Density Minimums discussed in this report.

Fiscal Impact - None with this action.

BACKGROUND

In August 2000, the City Council authorized the submittal of the Housing Element to the State of California Department of Housing and Community Development (HCD) for review. The City Council's forwarding resolution included direction to staff to incorporate a series of implementation items if feasible. The Council's resolutions items were incorporated into the draft that was forwarded to the State.

One of the proposals was the incorporation of density minimums into multiple dwelling unit zones. The goal of this proposal is to insure that where a community plan recommends that development is to occur in a certain density range, that the zoning also requires the same density. This report discusses the issues related to this measure. On February 14, 2001, the Land Use and Housing Committee supported staff's recommendation to return to the Committee in 60 days with a workable proposal. Since staff wasn't able to review the concept with the Community Planners' Committee until April 24, a short extension of the 60 days was requested.

The action on the Housing Element also included the City's intention to develop an Inclusionary Housing program. The Committee accepted staff's recommendation on February 14, 2001, to create an Inclusionary Housing Working Group with major stakeholders to advise staff about the potential components of an Inclusionary Housing program. Staff anticipated returning to the Committee approximately 90 days following the formation of the working group.

The Committee requested further analysis of the Ellis Act and the City's Single Room Occupancy Hotel regulations. This analysis is still pending.

Additionally, the Committee requested an assessment of the City's development process as it pertains to housing development. Comments by Mr. Mike Galasso, included as part of the Committee's February 14 action, supported this direction. Mr. Galasso's comments are addressed below.

DISCUSSION

Density Minimums

Achieving the minimum densities identified in adopted community plans is critical to the implementation of the City of Villages concept in the draft Strategic Framework Element of the General Plan. Accurate planning for the amount and location of growth is dependent upon assumptions related to planned densities. Zoning is the primary tool to implement the community plan density designations.

During the 1990's, the City lost nearly 10,000 potential dwelling units because builders proposed and constructed projects well below the maximum allowable density in a number of communities. Also, a number of builders opted to build single family instead of multi-family projects due to construction defect litigation and market trends. Whatever the reason, there was a

significant loss of expected capacity.

A number of urban jurisdictions contacted during staff research do not have minimum densities in their zoning regulations because they have not experienced “under-development” in higher density zones. King County, Washington, Portland, Oregon, and Fort Collins, Colorado, are three jurisdictions of which staff is aware that do have minimum density requirements. In King County, density minimums were adopted in response to the state Growth Management Act in the early 1990's, requiring counties to develop growth management plans. In Portland, they were adopted to assist in implementing their general plan and to help direct growth into areas planned for higher densities. In Fort Collins, density minimums are applicable in mixed-use projects to help achieve an appropriate critical mass.

Staff explored several options to implement density minimums. All options were based on the following goals: relating well to applicable community plan goals and density ranges; attaining density with observance of all property development regulations (e.g., including parking requirements); retaining applicable decision process (i.e., if ministerial, retain ministerial process); and, working with applicable height limitations such as the Coastal Zone Height Limitation.

Staff's recommended proposal matches zoning minimums and maximums to adopted community plans' land use designations. If directed, staff will prepare amendments to the citywide multiple dwelling unit zones. Attachment 1 displays how this simple approach would work when there is one zone that implements a community plan designation or when there are several zones that implement a designation.

During discussions about incorporating the numerical minimum into the multiple dwelling unit zones of the Land Development Code (LDC), a number of issues have arisen and will have to be addressed with the amendment. The issues identified to date include: exemptions for small lots or lots with topographic or physical constraints; optional discretionary review for density flexibility; allowance for density on individual parcels to occur below the minimum if the average density for the geographic area meets the minimum density as designated in the applicable community plan; and, infill development on underutilized parcels.

An analysis of adopted community plans indicates that amendments to the density ranges in some plans will be necessary to assure that zones and plan designations match as closely as possible. Some community plan designations and allowable zoning densities are not entirely consistent. This is attributable to the use of Planned Development Permits to identify allowable density, and to the application of zones created as intermediate zones to better match lot patterns. Staff has reviewed each community plan's land use designations and has determined some adjustment of adopted plan density ranges will be necessary to match the designations with zoning ranges in a limited number of adopted plans. It appears that the following community plans will need minor amendments to their land use designations: Black Mountain Ranch; Carmel Mountain Ranch; College Area; Kearny Mesa; Midway/Pacific Highway; Navajo; Ocean Beach; Pacific Highlands Ranch; Rancho Penasquitos; and, Torrey Pines.

No rezonings of individual properties will be necessary due to the proposed multiple dwelling unit zone amendment, nor will entitlement changes result. The LDC amendment is intended only to assure that future development in particular zones will result in developments meeting at least the minimum density as designated in the adopted community plan.

When staff reviewed this concept with the Community Planners' Committee on April 24, concerns were expressed about impacts on existing development, and unanticipated density that might occur. Staff explained that the goal of density minimums was to assure that future development occurred the way the community plan envisioned. Staff explained the importance of having development occur in accordance with adopted plans since facilities were sized, located, and funded based on projected development. A few CPC members questioned whether density minimums would increase development potential in their community. Staff explained that no increase in development capacity would be caused based on this amendment, however, the Strategic Framework City of Villages concept will include recommendations to redesignate and rezone specific areas of the City to accommodate higher densities and implement related quality of life goals.

Inclusionary Housing Program

The first meeting of the Inclusionary Housing Working Group will be held on May 14, 2001. At that meeting staff will explain the role of the working group, the anticipated work program, and the project timeline. Attachment 2 is a list of working group members and their affiliations.

Housing Commission and Planning Department staffs have determined that, due to the scope and depth of issues to be explored as well as the need to develop the program expeditiously, consultant assistance is required. Economic value of incentives and the need to evaluate possible community impacts are several key reasons that staff believes experienced consultants can assist in developing an effective program.

Staff anticipates a series of meetings with the working group will occur over the summer to hear the group's responses to the Inclusionary Housing program proposals. Staff anticipates returning to the Land Use and Housing Committee in September.

Development Review Process

The City Council has spoken to the need to review the City's development process for housing in conjunction with hearings on residential development projects as well as at the February 14 meeting. In addition, the State Housing and Community Development Department, in its review of the City's draft Housing Element, requested a similar analysis and proposals for process changes. Attachment 3 is a summary of recommendations staff has included in the draft Housing Element resubmitted to the State.

Mr. Galasso's Comments

Mr. Galasso's comments covered several issues. Those related to increased revenue potential (#4 and #5) will be addressed through the Strategic Framework Element work program as revenue sources for a variety of reasons are sought. Process comments (#1, some of #2, and #3) will be

considered as part of staff's development process review discussed above. Workshops on affordable housing (#6) have been occurring.

Mr. Galasso also addressed some Building Code requirements in comment #2. Development Services Department staff is researching each of the proposals for the use of alternative materials for building, plumbing, and electrical systems under Land Development Code Section 129.0109(a) "Use of Alternative Materials, Design, or Construction Methods." However, to date, research by staff has yet to identify these proposals being approved by any other jurisdiction in California.

CONCLUSION

In conclusion, staff recommends that the Land Use and Housing Committee:

- ▶ Support the staff's proposed approach to ensure implementation of the residential densities identified in adopted community plans
- ▶ Direct staff to proceed to prepare amendments to the RM zones of the Land Development Code
- ▶ Directs staff to review the amendments with design professionals and planning groups to assure their workability
- ▶ Proceed with the public hearing process
- ▶ Accept the status report regarding the Inclusionary Housing program

Respectfully submitted,

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Elizabeth Morris
CEO, San Diego Housing Commission

SGG/BAM

Attachment 1: Matrix of Density Minimum Applications

Attachment 2: Inclusionary Housing Working Group Members

Attachment 3: Summary of Staff Proposals Included in the Housing Element Related to the Development Process